

No. 20662

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**United States**  
**COURT OF APPEALS**  
**for the Ninth Circuit**

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JEDDELOH BROTHERS SWEED MILLS,  
INC., a Corporation,  
OTTO JEDDELOH, FRED JEDDELOH,  
v. *Appellants,*

COE MANUFACTURING COMPANY,  
a Corporation, *Appellee,*

COE MANUFACTURING COMPANY,  
a Corporation, *Appellee and Cross-Appellant,*  
v.

JEDDELOH BROTHERS SWEED MILLS,  
INC., a Corporation,  
OTTO JEDDELOH, FRED JEDDELOH,  
*Appellants and Cross-Appellees.*

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*Appeal from the United States District Court for the  
District of Oregon—Civil No. 9702 (Judge Solomon)*

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**BRIEF FOR CROSS-APPELLEES AND APPELLANTS**

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**BRIEF FOR CROSS-APPELLEES AND APPELLANTS**

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**CLAIMS 3, 5 AND 7 ARE NOT INFRINGED**

The Trial Court correctly found that claims 3, 5 and  
7 of Parker Patent Re. 24,638 are not infringed by the ac

cused Jeddelloh apparatus. In the ensuing discussion we will show how the following pertinent findings of fact are fully supported in the record and in accord with the weight of the evidence.

### “XXXIX

“Defendants’ accused apparatus does not have a conveyor type table or its equivalent. It employs a stationary plate between the infeed and outfeed pinch rolls. The power to move sheets of veneer over and across the plate is supplied by the pinch rolls.

### “XL

“Defendants’ apparatus does not have a conveyor type table or the equivalent thereof, and therefore does not infringe Claims 3, 5 and 7 of the patent in suit.”<sup>1</sup>

## **Construction and Operation of the Patented and Accused Machines**

We should first briefly review the construction and operation of the Parker patented machine and the Jeddelloh machine, because plaintiff’s discussion<sup>2</sup> ignores certain portions of the Parker patent and reads into it meanings not there present.

The disclosure of the Parker patent is for material handling apparatus in which the preferred embodiment (Figs. 1-8) is made up of *three* units, namely feed end unit C, floating conveyor table D, and discharge end unit E.

Claims 3, 5 and 7 are obviously restricted to the preferred embodiment shown in Figs. 1-8 because only that

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<sup>1</sup> III. 22.

<sup>2</sup> Opening Brief of Cross Appellant and Appellee (hereinafter referred to as X App. Op. Br.), pp. 12-18, 31-36.



embodiment discloses separate feed and discharge units and a conveyor table, as required by the claims. Fig. 3 of the Parker patent best shows the feed and discharge end units each comprising distinctly separate upstanding frames at opposite ends of the apparatus and having a vertically movable assembly including pinch rolls mounted in each frame.

In the preferred embodiment of Parker the only way in which the machine will operate is to provide a floating conveyor table D spanning the space between the two frames of units C and E which transports sheets from the infeed rolls in unit C to the outfeed rolls in unit E. There is no suggestion in the Parker patent, except that made by the addition of the words "*or guide*" to the specification of the reissue<sup>3</sup> which we will discuss later, that conveyor table D comprises other than power driven endless belts for carrying sheet material. Concededly chains or the like could be substituted for the belts, but there must be some sort of power driven conveyor mechanism separate from the feed rolls. Table D is described as:

"The floating conveyor table D comprises a plurality of belts 120 encircling rolls 121, 122 at opposite ends of the table. The roll 121 adjacent to the in-feed unit C is rotatably supported to the lower end of levers 123, one located at each end of the roll, by shaft-like extensions 124 on the roll proper. The upper ends of the levers 123 are pivotally connected to projections 125 on opposite plates 52 of the vertically movable assembly of the feed end unit C."<sup>4</sup>

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<sup>3</sup> Col. 2, l. 40.

<sup>4</sup> Col. 4, ll. 13-21.

Table D is referred to as being "floating" because it is pivotally connected to the infeed end by levers 123 and projections 125 so that as the table is moved up and down it may accommodate to the varying distances between the infeed pinch rolls and the outfeed pinch rolls as their respective movable assemblies are moved up and down.

"The motor 62' drives the belts 120 through the roll 121 [should be 122] and the construction is such that a sheet of veneer fed to the floating conveyor table D by the pinch rolls 34, 35 will be moved along the table by the belts 120 and discharged by the pinch rolls 122, 35' upon one of the decks 10, 11, 12, or 13 of the in-feed end of the veneer dryer A."<sup>5</sup>

"Simultaneously with the movement of the upper roll 35 into engagement with the veneer there-through, the stop 36 is raised allowing the sheet of veneer to be fed by the pinch rolls onto the belts 120 of the floating conveyor table D."<sup>6</sup>

While there is nothing said in the Parker patent concerning the distance between the infeed unit C and outfeed unit E, or the length of the conveyor table D, it is clear from the testimony that in machines built according to the patent the conveyor was about 13' or 14' long, which is longer than sheets of veneer which range between 4' and 12', the most common lengths being 8' and 10'. The patented machine was known as a "long tipple feeder" which referred to the length of the conveyor.<sup>7</sup>

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<sup>5</sup> Col. 4, l. 73-Col. 5, l. 3.

<sup>6</sup> Col. 6, ll. 66-70.

<sup>7</sup> I. 61, 64, 69, 71, 97; X App. Opg. Br. p. 32.

In the patented machine, conveyor table D must move sheets under power from the infeed rolls to the outfeed rolls because of the distance existing between the sets of rolls and because there is no alignment maintained between the nips of the infeed and the outfeed rolls.<sup>8</sup>

The accused machine, on the other hand, operates on a different principle and has a distinctly different type of construction. Considering first differences in construction, the infeed and outfeed pinch rolls are relatively closely spaced, about  $3\frac{1}{2}$  feet which is less than the length of veneer fed to the machine. These rolls are not mounted on separate vertically movable assemblies carried on separate spaced apart frames, but instead are part of a unitized tipple. This tipple is pivoted on a single main frame for pivotal movement about a horizontal axis which extends approximately through the nip or bite of the infeed rolls. Thus, when the tipple is swung to move the outfeed rolls up and down, the infeed rolls remain vertically stationary. The bite of the infeed rolls is aligned with the bite of the outfeed rolls and because of the unitized construction alignment of the bites is maintained throughout swinging of the tipple.<sup>9</sup>

The accused machine is referred to in Jeddelloh patent 2,876,009 as a "short loading conveyor mechanism," and some of the differences between it and the Parker type of machine are mentioned in the patent.<sup>10</sup> The arrangement of infeed and outfeed rolls and function of

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<sup>8</sup> I. 108.

<sup>9</sup> I. 120, 121.

<sup>10</sup> Col. 1, ll. 36-38.

plate 51 fixedly positioned between the sets of rolls are described as follows:

“Rotatably mounted at either end of the subframe are a pair of smooth surfaced, steel rolls 47, 48. These rolls are power driven, and supply the motion for transporting veneer through the loading conveyor. Intermediate the rolls is a flat plate or table 51 secured to channel beams 43 and thereby integral with the subframe. Rolls 47, 48 are spaced apart a distance substantially less than the length of the veneer sheets handled (see Fig. 7), so that veneer on traveling through the loading conveyor mechanism always contacts a rotating roll 47, 48. Plate 51 merely guides the veneer, in the event that it is deformed, from one roll to the next.”<sup>11</sup>

The differences in construction above mentioned result in a different principle of operation. Sheets of veneer are fed directly from the infeed pinch rolls to the outfeed pinch rolls because the bites of the two sets of rolls are always maintained in alignment. The sheets coming from the infeed rolls are always aimed at the bite of the outfeed rolls and plate 51 serves to guide deformed sheets. There is no provision for nor necessity for a conveying mechanism between the infeed and outfeed rolls because the sheets are always gripped by one or both sets of rolls. The unitized frame of the Jeddelloh machine eliminates the necessity of separate frames for supporting vertically movable assemblies in a feed end unit and in a discharge end unit. Further, sheets are always fed to the machine at a fixed convenient elevation because the infeed rolls are vertically stationary. When the Jed-

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<sup>11</sup> Col. 4, ll. 9-20.

deloh machine is used with a separate hoist or elevator in front of the machine the operator independently adjusts the elevator to maintain alignment between the top of the stack of veneer sheets and the infeed rolls. In the Parker machine the operator must periodically bend over or reach up to feed the machine depending upon the height of the veneer stack and position of the infeed rolls.

Plaintiff, in the appendix to its opening brief, has prepared two sketches supposedly illustrating the two machines. These sketches are not completely in accord with the facts.

In the sketch of the Jeddeloh apparatus the top of plate 51 is shown in alignment with the bite of the infeed rolls so that sheets will immediately engage and slide over it. As stated in the Jeddeloh patent and shown in its Fig. 5, plate 51 acts as a guide for deformed veneer and its top is somewhat below the bite of the rolls.

In the Parker apparatus sketch a greatly shortened conveyor table has been substituted for that of the patent in order to suggest infeed and outfeed rolls separated from each other the same distance as those of the Jeddeloh machine. The sketch is not in accordance with the teachings of the Parker patent and such a machine has never existed and would not function.

Mr. Schulein, defendants' expert, testified that if the conveyor-type table of the patented machine were shortened to approximately the distance between the infeed and outfeed rolls in the accused machine, the patented machine would not operate satisfactorily. He said:

"Q. It covered that range. Now, supposing one

Mr. Kolisch: Yes.

(Witness marks on exhibit.)

The Court: Where is 136?

Mr. Kolisch: 136 is this one (presenting document).

The Witness: In that type of an operation the bite of the rolls, feed rolls and discharge rolls, is always hozizontal, but since they are not always at the same level when they are in the central position your feed rolls are directing the sheets directly to the discharge rolls; but when they are in the upper position or in the lower position or in any position except the central one you can see the feed rolls do not direct the sheet directly towards the discharge rolls.

The Court: Would you say that would be quite a material variance between the Jeddelloh feeder and the Parker feeder?

The Witness: I would say—

The Court: Is that a significant difference?

The Witness: It is significant in that it enables Jeddelloh to operate with a short distance between the rolls and with the absence of a conveyor table to take the material off.

The Court: In your opinion, would the Jeddelloh rolls be encompassed within the disclosures of the Parker Patent as to the position of the rolls?

The Witness: If we are talking as to the Parker Patent, your Honor, of the vertically movable rolls, then I say that the Jeddelloh rolls are not within that scope. The Parker Patent rolls are vertically movable rolls.

The Court: And the Jeddelloh rolls are not vertically movable?

The Witness: The infeed end of the rolls are not vertically movable, your Honor. The exit rolls are.

You see, in the Jeddelloh machine everything pivots about the center point of the infeed rolls. If you look at DX-139 right where the sheet comes into the roll it appears there as a line and a circle. That is the pivot point about which the whole tipple bends, pivots. That point is fixed above the ground. It is not vertically movable.”<sup>14</sup>

The plywood industry recognized the difference between the patented and the accused machines as did plaintiff itself which copied the accused machine and came out with a new model feeder. Plaintiff’s president, Mr. Milburn, testified:

“Q. (By Mr. Kolisch): You came out with a Model 58 feeder which you called the Model 58 short tipple feeder; is that correct? Coe came out with that?

A. We called it a Model 58 feeder, yes.

Q. Was it correct that you came out with that to be competitive with the Jeddelloh machine?

A. Yes, to a degree; and can I explain, if I may?

Q. Yes, go ahead.

A. The Jeddelloh machine had a somewhat different appearance. The talk in the industry was that here was something new. We didn’t think it was new; we still do not, but many people in the industry always flock to buy something which is, at least looks, new, and we felt, yes, we should have something which was competitive, but we still would continue to make our feeder as we had already made it as well.

Q. Am I correct in saying that you came out with the short-tipple feeder that, let us say, looks very much and operates quite similarly to the Jed-

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<sup>14</sup> I. 178-180.



deloh feeder?

A. That's right.

Q. And that you filed patent applications on that feeder, also? A. That's right.

Q. These are Defendants' Exhibits 130 and 131. I will ask you to identify if that is the Model 58 feeder about which you are testifying?

A. Yes; that's right; that is correct."<sup>15</sup>

In *Bacon American Corp. v. Super Mold Corp. of Cal.*, D.C. N.D. Cal., 1964, 229 F. Supp. 998, the court pointed to the significance of a patent owner's change of construction after the defendant came on the market with his machine and said at 1003:

"The record reflects that almost immediately after the accused device for removing the connected molds from the press apparatus was introduced by the defendant the plaintiff not only amended its patent to include the allegedly broader claims set forth in 1 and 7 of its patent, but in addition it converted its own machine to employ the principles of the accused device. Although the above would not be enough in itself to demonstrate noninfringement it is, nevertheless, strong evidence of the superiority of the accused method over the patented method, and is evidence that the change was neither unimportant nor unsubstantial. It demonstrates that the change added something that at least the plaintiff considered to be important to the art."

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<sup>15</sup> I. 147, 148.



### **The Accused Machine is Not a Multiple Unit Type Of Apparatus as Required by Claims 3, 5 and 7**

Claim 3 of the Parker patent recites a "feed end unit" which is specified as comprising "a frame and a pair of pinch rolls." Also recited is a "conveyor type table" with its feed end adjacent to the pinch rolls. Additionally, there is recited a "discharge end unit" which is specified as comprising still another "frame" and a vertically movable assembly. An end of the conveyor type table is recited as connected to the vertically movable assembly of the discharge end unit.

The foregoing group of elements when construed in the light of the disclosure of the Parker patent covers a machine such as shown in Fig. 3 of the patent, with separate feed and discharge end units, each comprising a distinct frame for its units. Unlike the structure recited in the claim, the Jeddelloh apparatus has no discharge end unit with frame which is separate from a feed end unit frame. With the unitized tippie construction contemplated by Jeddelloh, the need for a separate frame supporting a movable assembly in a discharge end unit is eliminated.

Claims 5 and 7 contain limitations similar to those discussed in connection with claim 3. The claims are additionally distinguishable by their calling for a vertically movable assembly for the feed end unit and its frame.

That claims 3, 5 and 7 call for a multiple unit machine unlike the accused is emphasized by the disclosure in the Parker patent concerning the embodiment of Fig. 9. That embodiment is stated as comprising a con-

struction in which the floating table D and the discharge end unit E are omitted and the feed end unit C and stacks of veneer are mounted on a large elevator in front of the veneer dryer decks.<sup>16</sup>

**The Accused Machine Has no Conveyor-Type Table  
As Required by Claims 3, 5 and 7**

The Parker machine called for by claims 3, 5 and 7 includes, as already indicated, a long conveyor table with power driven belts thereon spanning the distance between separate infeed and discharge end units. The usual veneer sheets are shorter than the length of the tipple, and with the requirement that during certain phases of feeding sheets they be moved uphill from the infeed end to the outfed end, the conveyor type table of necessity includes means for powering the veneer in its travel. Mr. Miles, plaintiff's expert, recognized on two different occasions the necessity for power in a conveyor table. In defining a conveyor table he said:

"The Witness: A conveyor table can be defined as a surface or a chute or a plane which supports and transports, in some cases, material from one place to another. It performs a function of conveying. Now, actually, in all conveyors they constitute two parts. One is the power that is supplied to the movement of the material, and the second is the chute or table or guide or surface, anything that establishes the direction and elevation, the position of the material being conveyed."<sup>17</sup>

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<sup>16</sup> Col. 9, ll. 20-25.

<sup>17</sup> I. 73, 74.

Later, in answering a question from the Court, he said:

“The Witness: That’s right, and in conveying there are two things, the two elements of conveying are power has to be supplied from somewhere, and guiding and direction has to be supplied by some means. In this case the power is supplied by the rolls, and the proximity of the rolls makes it unnecessary to have any additional power.”<sup>18</sup>

Claim 3, it will be noted, recites a “conveyor type table” in addition to a feed end unit comprising “a pair of pinch rolls.” Following the definition of a conveyor given by Mr. Miles, in order for infringement to exist, the claim requires in addition to feed end unit pinch rolls (and any power they may provide), the presence of a conveyor type table, i.e., a structure providing (a) guiding and direction and (b) power. This is what exists in Parker’s preferred embodiment, and not in the Jeddelloh machine which has only a static guide plate having no power function.

In the Parker reissue patent, the phrase “*or guide*” was added after the word “conveyor,” in connection with the description of conveyor table D.<sup>19</sup> It is obvious and the testimony of Mr. Miles confirms that the addition of those words broadened the meaning of the patent because if table D can be simply a “guide” there is no requirement that it have any power function. As hereinafter brought out, the patent is invalid because it is a broadened reissue.

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<sup>18</sup> I. 80, 81.

<sup>19</sup> Col. 2, l. 40.

### The Accused Machine Has no Equivalent To a Conveyor Table

In an attempt to obtain a broad range of equivalents, plaintiff states that the Parker patent is "a pioneer invention."<sup>20</sup> The District Judge made no such finding and significantly he made no new finding contrary to his earlier one that the Parker patent was entitled "to only a narrow range of equivalents."<sup>21</sup>

That Parker is not "a pioneer invention" is most clearly demonstrated by plaintiff's own appraisal of the situation. When plaintiff sought the reissue it admitted to the Patent Office that the broadest claims were invalid in view of the Streeter patent which showed everything except "pinch rolls." According to plaintiff then, all that Parker added to the old combination of sheet feeder elements were pinch rolls. In defendants' opening brief,<sup>22</sup> it was pointed out, that pinch rolls for feeding all types of sheet material were very old.

Even if Parker were a "pioneer invention" there would be no infringement because the accused machine as previously discussed in addition to being constructed differently, operates on a different principle. As was pointed out in *Graver Tank Co. v. Linde Air Prod. Co.*, 1949, 339 U.S. 605, 608, 609, 94 L. Ed. 1097:

"The wholesome realism of this doctrine is not always applied in favor of a patentee but is sometimes used against him. Thus, where a device is so far changed in principle from a patented article that

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<sup>20</sup> X App. Opg. Br. p. 36.

<sup>21</sup> I. 43.

<sup>22</sup> Pp. 24-29.

it performs the same or a similar function in a substantially different way, but nevertheless falls within the literal words of the claim, the doctrine of equivalents may be used to restrict the claim and defeat the patentee's action for infringement. *Westinghouse v. Boyden Power Brake Co.*, 170 US 537, 568, 42 L ed 1136, 1137, 18 S Ct 707."

In *Westinghouse v. Boyden Power Brake Co.*, 1898, 170 U.S. 537, 569, 42 L. Ed. 1136, the court said:

"But, after all, even if the patent for a machine be a pioneer, the alleged infringer must have done something more than reach the same result. He must have reached it by substantially the same or similar means, or the rule that the function of a machine cannot be patented is of no practical value. To say that the patentee of a pioneer invention for a new mechanism is entitled to every mechanical device which produces the same result is to hold, in other language, that he is entitled to patent his function. Mere variations of form may be disregarded, but the substance of the invention must be there. As was said in *Burr v. Duryee*, 68 U.S. 1 Wall. 531, 573, an infringement 'is a copy of the thing described in the specification of the patentee, either without variation, or with such variations as are consistent with its being in substance the same thing. If the invention of the patentee be a machine, it will be infringed by a machine which incorporates in its structure and operation the substance of the invention; that is, by an arrangement of mechanism which performs the same service or produces the same effect in the same way, or substantially the same way.' 'That two machines produce the same effect will not justify the assertion that they

are substantially the same, or that the devices used by one are therefore mere equivalents for those of the other'."

The element in the accused machine which plaintiff seeks to equate with Parker's conveyor is a plate 51. Contrary to plaintiff's statement that the only purpose of plate 51 in the Jeddeloh machine "is to participate in some way in conveying material from the infeed rolls to the outfeed rolls,"<sup>23</sup> plate 51 acts as a guide and to keep refuse from falling in the machine. It is stationary and performs no function of transporting veneer between the infeed and outfeed rolls. Otto Jeddeloh testified:

"Q. Have you ever eliminated the plate and operated your machine?

A. Yes.

Q. What was the result of that?

A. Perfect success without this plate.

Q. You removed the plate, and the machine operated satisfactorily without the plate?

A. Yes, it does.

Q. What is the function or purpose of the plate?

A. It is merely a, somewhat of a guide for a cracked piece or a splintered piece to guide it into this portion and also to keep any trash from building up under the machine, to keep it from going through the dryer; in other words, more or less self-cleaning.

The Court: Do you have any machines operating without that table?

The Witness: No, we do not, but we have proved it in our own shop."<sup>24</sup>

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<sup>23</sup> X App. Opg. Br. p. 32.

<sup>24</sup> I. 119.

Mr. Miles, plaintiff's expert who testified concerning the operation of plate 51 in the accused machine admitted that he really didn't know whether or not the accused machine would operate without plate 51 because he had never tried it.<sup>25</sup>

### **Plaintiff's Ambivalence With Respect to "Guide"**

Admittedly plate 51 in the accused machine acts as a "guide for a cracked piece or splintered piece" or deformed veneer and as Mr. Miles admitted:

"Q. Now, as you read this claim 3, in order to read it on the accused machine, do you interpret a conveyor type table as a guide?

A. Yes."<sup>26</sup>

In the reissue patent plaintiff broadened the meaning of "conveyor-type table" in the specification by addition of the words "*or guide*"<sup>27</sup> in order to cover the accused machine. There was no basis in the original disclosure of the patent for adding the word "guide" to describe the conveyor table and when plaintiff realized during the course of the trial that if the word "guide" remained in the reissue patent there was a clear case of enlarging the scope of the claims,<sup>28</sup> plaintiff expressly disavowed the word "guide" in interpreting the reissue. The District Judge erroneously permitted plaintiff to do so and held that the case would stand or fall on the lan-

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<sup>25</sup> I. 106.

<sup>26</sup> I. 106.

<sup>27</sup> Col. 2, l. 40.

<sup>28</sup> 35 U.S.C. § 251 provides in pertinent part:

"No reissued patent shall be granted enlarging the scope of the claims of the original patent unless applied for within two years from the grant of the original patent."



guage of the original specification. The following colloquies took place with respect thereto:

"Mr. Kolisch: He changed the specification. He put the words 'or guide' in.

"Now, if he reads conveyor table, if he is interpreting those claims in the light of the new specification, as I think he must since the old specification is no longer in existence; the old specification is gone, it has been surrendered —

"The Court: Don't argue that so much. Just ask you, 'Are you relying on the new specifications or the old specifications?'

"Mr. Kolisch: He has no choice.

"Mr. Krause: As far as we are concerned, we are relying upon the old language in the specification.

"The Court: You are omitting the word 'guide'?

"Mr. Krause: '—— or guide'. That doesn't mean that it is out, your Honor. It is in. Conveyor table is in there. The word 'guide' is not to be considered as far as we are concerned. We are prepared to state ——." <sup>29</sup>

"The Court: I am going to rule now that we will not look to the new claims in the reissued patent since they are not claims upon which action has been instituted and that the original specifications will be looked at to determine validity and that this case stands or falls on the question of the original specifications and the original claims." <sup>30</sup>

"The Court: I am going to segregate that issue, but we are going to go now on the original claims and the original specifications, and, to the extent that the word 'guide' may enlarge upon the mean-

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<sup>29</sup> I. 223, 224.

<sup>30</sup> I. 228.



ing of the other words used in the original patent, I am going to hold that no interpretation of the word 'guide' shall be used in order to construe that original specification."<sup>31</sup>

Plaintiff has once again changed its position and is now in effect relying on the word "guide" in construing the reissue patent so as to cover the accused machine. In the discussion appearing under the heading "Comparison of Accused and Patented Apparatus"<sup>32</sup> the operation of the conveyor table in the patented machine is made to sound as if it were merely guiding veneer from the infeed rolls to the outfeed rolls. Likewise in describing the operation of the accused machine, the guiding function of the plate between the infeed and outfeed rolls is stressed. On page 14 of plaintiff's brief the following appears:

"Both apparatuses have tables interposed between the feed rolls and the outfield [sic] rolls for supporting and directing the veneer in its travel from the infeed to the outfeed rolls. . .

"Both apparatuses have tables for performing the same functions. In both devices the tables are provided for supporting and directing the veneer in its travel from the infeed to the outfeed rolls."

Plaintiff has described the functions of both tables as "guides" without ever using the word. Plaintiff must resort to such language in an attempt to make out a case of infringement.

We submit that the District Judge erred as a mat-

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<sup>31</sup> I. 228, 229.

<sup>32</sup> X App. Opg. Br. pp. 12-14.

ter of law when he held that plaintiff could disavow the word "guide" and rely only on the original specification of the Parker patent in which that word did not appear. The reissue statutes, 35 U.S.C. §§ 251, 252, specify that a reissue does not take effect until "surrender of the original patent" and as stated by plaintiff, in order to obtain the reissue "the Parker patent was surrendered."<sup>33</sup>

The language of 35 U.S.C. § 252 concerning surrender of the original patent not affecting an action in which the claims of the original and reissue patents are identical on which the District Judge appeared to have relied<sup>34</sup> is not in point. 35 U.S.C. § 251 provides that the original patent must be surrendered in order to obtain the reissue and the grant of the reissue extinguishes the original patent. As the Court said in *Peck v. Collins* 1881, 103 U.S. 660, 26 L. Ed. 512, at 514:

"Since the decision of this case, it has been uniformly held that if a re-issue is granted, the patentee has no rights except such as grow out of the re-issued patent. He has none under the original. That is extinguished.

\* \* \* \* \*

"Surrender of the patent was an abandonment of it, and the applicant for re-issue took upon himself the risk of getting a re-issue, or of losing all."

The sole question is whether in view of the fact that plaintiff altered the specification of the reissue so that claims 3, 5 and 7 would read on the accused machine,

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<sup>33</sup> X App. Opg. Br. p. 3.

<sup>34</sup> I. 226, 227.

that alteration can be ignored and the claims read purely in the light of the original specification. Defendants submit that that is not possible in view of the extinction of the original patent.

Since claims of a patent "are always to be read or interpreted in the light of its specifications"<sup>35</sup> and the only specification at the time of the trial was the re-issued and altered specification containing the words "conveyor table or *guide*", the claims are invalid for broadening because "guide" is obviously much broader than conveyor table. The word "guide" also introduced new matter into the specification which invalidated the patent as discussed on pages 57, 58 of Opening Brief for Appellant and Cross-Appellees.

Plaintiff's reliance on *Hansen v. Colliver*, 9 Cir., 1960, 282 F.2d 66, is further evidence that plaintiff has gone back to equating conveyor table and guide because in that case the Court held that a table could function as a guide. We agree. It is noteworthy that the following statement appears in the *Hansen* case at 68, 69:

"Claim 1 does not prescribe that the rope shall be guided by any particular means or that the guide be of any prescribed shape or form. It appears to us that the limitation of claim 1 by the trial court to a tubular or enclosed guide is contrary to the well established rule of construction that a broad claim will not be construed to contain limitations expressed in the more narrow claims. *Smith v. Snow*, 1935, 294 U.S. 1, 55 S. Ct. 279,

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<sup>35</sup> *Schriber-Schroth v. Cleveland Trust Co.*, 1940, 311 U.S. 211, 218, 85 L. Ed. 132; *Kemart Corp. v. Printing Arts Research Laboratories*, 9 Cir., 1953, 201 F.2d 624.

79 L. Ed. 721; *Stearns v. Tinker and Razor*, 9 Cir., 1957, 252 F.2d 589; *Cameron Iron Works, Inc. v. Stekoll*, 5 Cir., 1957, 242 F.2d 17; *Great Lakes Equipment Co. v. Fluid Systems, Inc.*, 6 Cir., 1954, 217 F.2d 613."

The "veneer" limitation which appears in certain claims of the Parker patent but does not appear in claims 3, 5, 7 and 17 should not have been read into claims 3, 5, 7 and 17, by the District Court to distinguish from the prior art.<sup>36</sup>

### DAMAGES

The parties stipulated after the second decision of the District Court that rather than go through an accounting to determine the question of damages (35 U.S.C. § 284) the Court could make an award based on what it found a reasonable royalty to be under the circumstances of this case. In view of that stipulation, plaintiff's discussion<sup>37</sup> concerning its alleged lost sales and profits is irrelevant. Under *Aro Mfg. Co. v. Convertible Top Co.*, 1964, 377 U.S. 476, 12 L. Ed. 2d 457, only damages suffered by the patent owner, not the infringer's profits, are recoverable. If there had been an accounting defendants would have had an opportunity of showing that plaintiff in fact suffered no damages. Plaintiff under the *Aro* doctrine might have recovered nothing if it turned out that plaintiff had made all the sales it could reasonably have been expected to make

<sup>36</sup> See discussion Opening Brief for Appellants and Cross Appellees, pp. 7, 23, 24.

<sup>37</sup> X App. Opg. Br. p. 45.

of its long tipple feeder and those who bought defendants' short tipple feeder did so because of the improvements in operation, size and cost made by defendants in their feeder.

The District Court found that there was no established royalty rate under the patent in suit.<sup>38</sup> That finding is correct because plaintiff was unable to show royalty payments under the patent "by such a number of persons as to indicate a general acquiescence in its reasonableness by those who have had occasion to use the invention. . . . Royalties paid under threat of suit or in settlement of claims for past infringement cannot be taken as a standard to measure the value of the patent."<sup>39</sup>

The Court also said in the *Faulkner* case, *supra* at 639, with respect to its fixing a royalty rate:

"The court should be conservative in fixing the amount, . . ." (Citing *Dunkley Co. v. Central California Canneries*, 9 Cir., 1925, 7 F.2d 972.)

The *Dunkley* case involved fruit processing machinery in which despite the fact that seventeen licenses post dating the infringement had been taken, the court held that they were "too few in number and too late in time to establish a market price for the license as of the date of the infringements."<sup>40</sup> (Emphasis added)

In *Wallace & Tiernan Co. v. City of Syracuse*, 2

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<sup>38</sup> Finding LVII, III. 46, 47.

<sup>39</sup> *Faulkner v. Gibbs*, 9 Cir., 1952, 199 F.2d 635, 638.

<sup>40</sup> *Dunkley Co. v. Central California Canneries*, 9 Cir., 1925, 7 F.2d 972, 976.

Cir., 1930, 45 F.2d 693, which involved a water purifying process the court held that eight licenses in a period of three years were insufficient to establish a royalty rate.

In *United States National Bank v. Fabri-Valve Co.*, 9 Cir., 1956, 235 F.2d 565 validity of the patent was not in issue and exclusive licenses in Canada as well as the United States had been taken at a 5% rate by substantial companies. The Court said that there was an established royalty rate of 5% and, therefore, raised the district court's award.

Defendants submit that the royalty rate found by the court of \$825.00 per machine was too high for the reasons advanced in their opening brief<sup>41</sup> and plaintiff's demand of a royalty of \$1000.00 to \$1200.00 per machine is completely unjustified.

Plaintiff's argument <sup>42</sup> that plaintiff granted four licenses under the patent is incorrect. There were no licenses granted or royalties received under the patent in suit.<sup>43</sup> In 1956, under the original patent a license was granted to American Manufacturing Company and another license to Moore Dry Kiln Co. A total of six machines, three by each company, were produced under those two licenses. The fact that plaintiff granted American Manufacturing a separate license for each of its three machines<sup>44</sup> really only means that it gave one li-

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<sup>41</sup> Opening Brief for Appellants and Cross-Appellees pp. 64-70.

<sup>42</sup> X App. Opg. Br. p. 46.

<sup>43</sup> IV. 176.

<sup>44</sup> IV. 164.

cense three times to the same party and not three licenses as stated by plaintiff.<sup>45</sup> Plaintiff's patent expert, Mr. Smith, said that the royalty arrangement in the Moore license, whereby the rate was based on the licensor's selling price of the equipment rather than that of the licensee, was an unusual way of computing a royalty rate and that it was the only such royalty arrangement of which he had heard.<sup>46</sup>

Plaintiff urges what it terms to be "Additional facts to be considered in determining Coe's damages. . . ." <sup>47</sup> Again plaintiff ignores that damages in this case were not to be determined on whether or not Coe suffered any damages but the award was to be based purely on a reasonable royalty rate. Furthermore, it is not correct that there are only "500 veneer dryers capable of utilizing feeders of the type with which we are concerned here" because as Mr. Fred Jeddloh testified, new veneer dryers which need feeders are continually being installed, particularly in the southeastern part of the United States, and the market for dryer feeders is by no means static.<sup>48</sup>

Referring to the testimony of Mr. Harold R. Evans, he said that he was friendly with both parties and counsel for both sides were informed that he was going to testify that in his opinion a royalty rate of 3% of the sales price of defendants' equipment was reasonable.<sup>49</sup>

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<sup>45</sup> X App. Opg. Br. p. 46.

<sup>46</sup> IV. 191.

<sup>47</sup> X App. Opg. Br. p. 48.

<sup>48</sup> IV. 245, 246.

<sup>49</sup> IV. 225, 226.



With respect to the royalty rate on the equipment which he negotiated at the rate of 10%, no such royalty rate was ever paid because it put the licensee in a non-competitive position and a lower royalty rate of about 3% was renegotiated.<sup>50</sup>

An important consideration in determining the royalty rate is the amount of engineering information and know how made available to the licensee and in the present case not only was there none but defendants made a contribution of their own to the art.<sup>51</sup>

#### **Plaintiff Is Not Entitled to Interest From The Dates of the Respective Infringements**

The general rule is that where an award for damages in a patent case is based on calculation of a reasonable royalty interest runs from the date that the damages are liquidated, and not from the date of infringement. *Tilghman v. Proctor*, 1888, 125 U.S. 136, 31 L. Ed. 664, stands squarely for that proposition where the court said, at 672:

“If the question thus presented were a new one, it would require grave consideration. But by a uniform current of decisions of this court, beginning thirty years ago, the profits allowed in equity, for the injury that a patentee has sustained by the infringement of his patent, have been considered as a measure of unliquidated damages which, as a general rule, and in the absence of special circumstances, do not bear interest until after their amount has been judicially ascertained; and the

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<sup>50</sup> IV. 225, 226.

<sup>51</sup> IV. 218, 227, 236, 237.



provision introduced in the Patent Act of 1870, regulating the subject of profits and damages, made no mention of interest, and has not been understood to affect the rule as previously announced. [Citing Cases.] Nothing is shown to take this case out of the general rule. At the time of the infringement, the fundamental questions of the validity and extent of Tilghman's patent were in earnest controversy and of uncertain issue. Interest should therefore be allowed, as in *Illinois Central Railroad v. Turrill*, just cited, only from the day when the master's report was submitted to the court (which appears, by the terms of his report and of the decree below, to have been October 7, 1884), upon the amount shown to be due by that report and the accompanying evidence."

The excerpt from *Tilghman* case quoted by plaintiff<sup>52</sup> has to do with "an action at law" which is neither our case nor *Tilghman*.

Unless there are exceptional circumstances such as willful and wanton conduct, the rule of the *Tilghman* case is still the law. *Duplate Corp. v. Triplex Safety Glass Co.*, 1936, 298 U.S. 448, 459, 80 L. Ed. 1274.

*Swan Carburetor Co. v. Nash Motors Co.*, 4 Cir., 1943, 133 F.2d 562, cited by plaintiff,<sup>53</sup> stated the general rule of the *Tilghman* case in the portion quoted by plaintiff. In the *Swan* case the court said that where damages were determined on the basis of an *established* royalty, those damages might be considered to be liquidated and interest could run from the time when the

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<sup>52</sup> X App. Opg. Br. p. 50.

<sup>53</sup> X App. Opg. Br. p. 50.

royalties should have been paid. However, the court distinguished between that situation and one where a *reasonable* royalty had to be judicially determined in which circumstance interest runs only from the date of judicial determination. In the *Swan* case the court pointed out at 565 that "when the patent has created only a part of the profits, the plaintiff's recovery is limited thereto; and this rule applies whether the patent covers the whole or only a part of the infringing machine."

There are no exceptional circumstances which would take this case out of the general rule with respect to interest and damages and *the District Court found in its opinion that the infringement was not willful or wanton*.<sup>54</sup> The "special circumstances" plaintiff argues entitle it to interest from the date of each infringement, are not in accord with the facts."<sup>55</sup>

1. The inspiration for defendants' feeder was not plaintiff's feeder, but the request of a plywood producer that defendants "design and build for him a better veneer feeder than was commercially available."<sup>56</sup>

2. Defendants continued making their feeder because they have always believed that even if the Parker patent is for a patentable invention, defendants' feeder does not infringe.

3. Defendants, not plaintiff, first served the

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<sup>54</sup> III. 10.

<sup>55</sup> X App. App. Opg. Br. p. 53.

<sup>56</sup> I. 113.

market for a short tipple feeder, and when plaintiff observed defendants' success, plaintiff copied defendants' feeder.<sup>57</sup>

4. The opinion of the Court of Appeals indicated question as to infringement of claim 17, but indicated nothing with respect to validity of the Parker reissue patent which defendants have always believed to be invalid.

5. Defendants' expert, Schulein, never indicated that, in his opinion, the Parker patent was for a patentable invention. He stated that his study went only to the question of infringement and that he had no opinion with respect to validity other than the presumption of validity which attaches to each patent upon issue.<sup>58</sup>

6. There is nothing in the record to indicate that defendants have deprived plaintiff of any sales. The evidence shows that throughout the period plaintiff has continued to sell its patented feeders for a total of two hundred and twenty five and had ten new feeders on order at the time of the hearing to determine a reasonable royalty rate.<sup>59</sup>

7. There is nothing in the record to show what others (Moore and Prentice) did with respect to feeders, much less that defendants' resistance to what they consider to be an unjustified attempt to put them out of business had any effect on others.

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<sup>57</sup> I. 147, 148.

<sup>58</sup> I. 298, 299, 301.

<sup>59</sup> IV. 173, 174.

### Plaintiff Is Not Entitled to Any Exemplary Damages or Attorney Fees.

The award of increased damages and attorney fees<sup>60</sup> are discretionary with the trial judge who expressly denied plaintiff's requests.<sup>61</sup> There has been no abuse of discretion and therefore no reason to interfere with the trial judge's action.<sup>62</sup>

Plaintiff's reliance on *Russell Box Co. v. Grant Paper Box Co.*, 1 Cir., 1953, 203 F.2d 177, is misplaced because there the court of appeals affirmed an allowance by the district court of an increase in damages and counsel fees. The district court had found that defendant had been careless in construing its claim, "failed to preserve its records, for which it offered no excuse," and had "been dilatory in complying with an order of the master to produce" certain information, which, when it did produce was unsatisfactory.<sup>63</sup> The court went on to say:

"We would certainly be loath to disturb a conclusion of the District Court in a matter so peculiarly within its competence as an increase in damages and an award of counsel fees in cases of this sort. . . ."<sup>64</sup>

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<sup>60</sup> 35 U.S.C. §§ 284, 285.

<sup>61</sup> Conclusions of Law X, XI, III. 25, 26.

<sup>62</sup> *Dubil v. Rayford Camp & Co.*, 9 Cir., 1950, 184 F.2d 899, 903; *Photochart v. Photo Patrol*, 9 Cir., 1951, 189 F.2d 625, 628; *Park-In-Theatres v. Perkins*, 9 Cir., 1951, 190 F.2d 137, 142.

<sup>63</sup> 203 F.2d at 181.

<sup>64</sup> 203 F.2d at 183.

## CONCLUSION

Claims 3, 5 and 7 of the Parker reissue patent are not infringed by the accused machine. If the claims are construed solely in the light of the original Parker specification there is no infringement because Jeddeloh has no conveyor table and no separate feed and discharge end units. If the claims are construed in the light of the reissue specification they are invalid because they have been broadened and are not for the same invention as originally disclosed.

A reasonable royalty, if the Court ultimately holds that claim 17 is valid and infringed, should be no more than 3% of defendants' net selling price of the combination feeder and elevator held by the District Court to infringe the claim.

Interest should be allowed, if at all, only from the date of liquidation of damages which was stipulated to be August 16, 1965.

Plaintiff is not entitled to any exemplary damages or attorney fees.

Respectfully submitted,

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**CERTIFICATE OF COUNSEL**

I certify that, in connection with the preparation of this brief, I have examined Rules 18 and 19 of the United States Court of Appeals for the Ninth Circuit, and that, in my opinion, the foregoing brief is in full compliance with these rules.

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